



AUDIT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: 2016 ANNUAL MUNICIPAL REPORT

RECOMMENDATION:

1. **THAT** Council receive the City of Burnaby 2016 Annual Municipal Report and audited Consolidated Financial Statements for the year ended 2016 December 31.

REPORT

The Audit Committee, at its meeting held on 2017 April 13, received and adopted the attached 2016 Annual Municipal Report which includes the audited Consolidated Financial Statements (*provided under separate cover*).

Respectfully submitted,

Councillor D. Johnston
Chair

Councillor C. Jordan
Vice Chair

Copied to:	City Manager Deputy City Manager Director Finance Director Engineering Director Parks, Rec. & Cult. Services Director Planning and Building Director Public Safety & Com. Services Chief Librarian Chief Information Officer Fire Chief OIC, RCMP
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Meeting 2017 April 13

COMMITTEE REPORT

TO: CHAIR AND MEMBERS
AUDIT COMMITTEE

DATE: 2017 April 05

FROM: DIRECTOR FINANCE

FILE: 7620-20

SUBJECT: 2016 ANNUAL MUNICIPAL REPORT

PURPOSE: To present the 2016 Annual Municipal Report which includes the audited Consolidated Financial Statements.

RECOMMENDATION:

1. **THAT** the Audit Committee recommend Council receive the City of Burnaby 2016 Annual Municipal Report and audited Consolidated Financial Statements for the year ended 2016 December 31.

REPORT

The purpose of the City of Burnaby's 2016 Annual Municipal Report is to present to readers the financial results for the City for the year ended 2016 December 31. This report includes the City's audited Consolidated Financial Statements that reflect the accounts of all funds of the City on a consolidated basis. This presentation emphasizes the City's ability to meet its current commitments and finance its future liabilities.

The City's financial position continued to be very strong throughout 2016 with an increase in annual surplus of \$188.3 million (2015 – \$128.2 million), bringing the Accumulated Surplus to \$3.8 billion (2015 – \$3.6 billion).

Annual Surplus

The consolidated actual annual surplus of \$188.3 million exceeded the annual budget surplus of \$119.2 million, which generates a \$69.1 million favourable variance. The favourable variance is made up of a net operating surplus of \$15.5 million (\$7.2 million in Utilities and \$8.3 million in General Operations) across all City programs and the remaining variance of \$53.6 million is mainly due an increase in reserve surplus for Community Benefit Bonus revenues and Contributed Asset revenues which are difficult to estimate due to the timing of development approval processes.

To: Audit Committee

From: Director Finance

Re: 2016 ANNUAL MUNICIPAL REPORT

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Operating Surplus

The majority of the operating surplus of \$15.5 million relates to expenditure savings of \$9.0 million and excess revenue of \$6.5 million. Major drivers of the operating surplus are explained as follows:

- \$6.5 million in excess revenue is primarily attributable to higher than anticipated building permit, utility, food services and engineering fee revenues
- \$6.0 million in compensation savings realized across all service programs as a result of staff vacancies and the challenges associated with replacing an aging workforce
- \$1.5 million in unused contingency within the utilities was not required
- \$1.2 million less in water charges than anticipated
- \$0.3 million savings in RCMP contract.

Reserve Surplus

The majority of the reserve budget variance relates to strong residential and mixed use development, which results in favourable variances in the following revenue sources:

- \$45 million in Community Benefit Bonus Contributions
- \$10 million in Contributed Assets.

Accumulated Surplus

The increase in Accumulated Surplus of \$188.3 million is a reflection of the City's strong financial position and long term financial sustainability developed through Council's continued support of prudent financial practices. The following contributed to the change in Accumulated Surplus for 2016:

- \$93.3 million capital contributions received by the City from Community Benefit Bonus Program including interest earnings on the fund
- \$46.8 million increase in capital tangible assets and land held for resale
- \$17.8 million increase in general revenue funds from prior year surplus, stabilization and designated funds used to fund one-time operating expenditures to reduce the impact on property taxes
- \$14.9 million increase in capital reserves from interest income, land sales, development cost charges and general revenue contributions for replacement
- \$10.4 million increase in Provincial Gaming fund for one time capital projects that improve the environment and support public safety, arts and culture
- \$5.1 million increase in the utility reserves for maintenance and capital replacement of water and sewer infrastructure.

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From: *Director Finance*
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Capital reserves provide funding for City capital projects without incurring debt in the external markets. Capital funds are used to renew and replace City assets, for capital investments in new capital infrastructure and to provide special amenities from the City's Community Benefit Funds to meet the needs of our growing City.

RECOMMENDATION

It is recommended that Council receive the City of Burnaby 2016 Annual Municipal Report and audited Consolidated Financial Statements for the year ended 2016 December 31.



Noreen Kassam
DIRECTOR FINANCE

NK:BK /ml

Copied to: City Manager
Members of Management Committee
City Clerk